



# NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

## Fiscal Analysis Memorandum

**CONFIDENTIAL**

**Requestor:**  
**Analyst(s):** Kristine Leggett  
**RE:** Senate Bill 568 (PCS S568-CSRIa-18 [v.8])

### SUMMARY TABLE

FISCAL IMPACT OF PCS SB 568, V.8 (\$ in thousands)					
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
<b>State Impact</b>					
General Fund Revenue	-	-	-	201,988.0	201,988.0
<u>Less Expenditures</u>	<u>201,988.0</u>	<u>201,988.0</u>	<u>201,988.0</u>	<u>201,988.0</u>	<u>201,988.0</u>
<b>General Fund Impact</b>	<b>(201,988.0)</b>	<b>(201,988.0)</b>	<b>(201,988.0)</b>	-	-
<b>NET STATE IMPACT</b>	<b>(\$201,988.0)</b>	<b>(\$201,988.0)</b>	<b>(\$201,988.0)</b>	-	-
<b>STATE POSITIONS</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>

### FISCAL IMPACT SUMMARY

This PCS will likely have a fiscal impact on General Fund appropriations in FY 2019-20 and FY 2021-22. Beginning in FY 2022-23, any costs associated with the implementation of the PCS will be supported by a new fee paid by manufacturers of photovoltaic (PV) modules. The PCS requires the Environmental Management Commission (EMC) to establish a regulatory program to govern the management of end-of-life photovoltaic modules and energy storage system batteries and the decommissioning of utility-scale solar projects and wind energy facilities. The rules adopted by EMC have to include an annual registration fee of \$1,000 to be paid by any manufacturer that sells PV modules or energy storage system batteries in the State. The rules are to be adopted no later than January 1, 2022.

### FISCAL ANALYSIS

The PCS will have a fiscal impact. While the language directs EMC to adopt a fee of \$1,000 to be paid by any manufacturer that sells PV modules or energy storage system batteries in the State, that fee



would not be implemented until January 1, 2022. Therefore, it is anticipated that funds would not be collected and appropriated to support the activities required of EMC until FY 2022-23. Since EMC has the authority to adjust the fee as necessary to support the implementation of the bill, no General Fund appropriation will be required after FY 2022-23. It is unknown how many manufacturers would be required to pay a fee or whether or not EMC will increase the fee above \$1,000. A review of websites related to solar energy indicates there are around 47 manufacturers who may be impacted. If that is the case, and EMC left the fee at \$1,000, the fee would generate \$47,000 per year. If EMC increases the fee to \$5,000, it would generate \$235,000 per year. To generate the anticipated costs of \$201,988, the fee would need to be set at \$4,300 (47 times \$4,300 equals \$202,100).

Since it is unlikely the fee will be assessed before FY 2022-23, the Department of Environmental Quality will require funds to support the necessary positions and administrative costs associated with developing a new regulatory program. An additional \$201,988 will be required for the Division of Waste Management (DWM) in FY 2019-20 through FY 2021-22. Beginning in FY 2022-23, these costs would become receipt supported. Following is a summary of the estimated costs.

#### Division of Waste Management (DWM)

DEQ estimates that two new full-time equivalent (FTE) positions will be required in the DWM to implement the PCS. The following positions are required:

- **Environmental Program Consultant** to initiate the program, act as a subject matter expert, and consult with manufacturers and owners/operators of facilities. This position will also oversee compliance of fee collecting and facility decommissioning and manufacturer's recycling responsibilities.
- **Environmental Specialist II** to ensure compliance of the fee collecting, facility decommissioning and manufacturer's recycling responsibilities.

The following table shows the positions and associated salary and benefit costs.

<b>Division of Waste Management</b> <b>New Positions Required for PCS to S.B. 568</b>						
<b>Position Title</b>	<b>FTE</b>	<b>Salary</b>	<b>Social Security</b>	<b>Ret.</b>	<b>Health</b>	<b>Total Position Cost</b>
Environmental Program Consultant	1.00	\$68,637	\$5,251	\$12,732	\$6,104	\$92,724
Environmental Specialist II	1.00	\$58,845	\$4,502	\$10,916	\$6,104	\$80,366
<b>Subtotal Position Cost</b>	<b>2.00</b>					<b>\$173,090</b>



In addition to the position costs, each new position will require operating costs for travel, supplies, and other needs related to administration of the new program. The following table shows the estimated operating costs per position and the total amount required for the two new FTE.

<b>DWM Operating Costs for New Positions</b>	
<b>Cost Per Position</b>	
Purchased Services	\$11,749
Supplies	\$2,200
Equipment	\$500
<b>Subtotal Operating Cost Per Position</b>	<b>\$14,449</b>
<b>Total Operating Costs 2.0 FTE</b>	<b>\$28,898</b>

The total amount of new funding required for DWM is estimated to be \$201,988 recurring (\$173,090 position costs plus \$28,898 operating costs). This fiscal estimate assumes those recurring needs will become receipt supported in FY 2022-23.

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## TECHNICAL CONSIDERATIONS

N/A.

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## DATA SOURCES

Department of Environmental Quality

“Global Solar Panel Manufacturing Locations.” Solar Power World, 2019. Retrieved from: <https://www.solarpowerworldonline.com/solar-panel-manufacturing-locations/> June 19, 2019.

Wikipedia Contributors. “List of Photovoltaics Companies.” Wikipedia, Wikimedia Foundation, June 13, 2019. Retrieved from: [https://en.wikipedia.org/wiki/List\\_of\\_photovoltaics\\_companies](https://en.wikipedia.org/wiki/List_of_photovoltaics_companies) June 19, 2019.

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## FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at [FiscalNoteRequests@ncleg.net](mailto:FiscalNoteRequests@ncleg.net) or call (919) 733-4910.

